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*May 2001*

## Gabon

*Gabon is sub-Saharan Africa's third largest producer and exporter of crude oil, the country's main export commodity. Faced with the prospect of declining oil production, the Gabonese government is promoting increased petroleum exploration and investment in the oil and non-oil sectors.*

*Note: Information contained in this report is the best available as of May 2001 and can change.*



### GENERAL BACKGROUND

Since independence from France on August 17, 1960, Gabon has remained relatively peaceful and stable. Gabon's President Omar Bongo, re-elected on December 6, 1998, is Africa's second longest serving head of state, in power since 1967.

Gabon's economy relies heavily on exports of crude oil, which account for about 81% of total export revenues, almost 60% of government revenues, and over 40% of gross domestic product (GDP). Gabon's current account balance improved dramatically in 2000 with the rise in world oil prices, following a

deterioration of the current account due to the 1998 oil price collapse. Timber products typically have been Gabon's second largest export, comprising around 12% of total exports and about 5% of GDP. Exports of manganese also contribute significantly to Gabon's GDP, although uranium mining and export have ceased.

Due to the rise in world oil prices which has offset the steady decline in Gabon's crude oil production, Gabon's real GDP grew by 2.1% in 2000. Consumer prices rose by over 4% in 2000 due to a sharp increase in Gabon's money supply. In 2001, Gabon's real GDP is expected to grow by 2.5% while inflation is projected to fall to 3.5%.

In response to the country's 1999 fiscal crisis, the Gabonese government took steps to increase economic growth by diversifying the structure of its exports, restructuring and reducing its civil service, and privatizing several parastatal industries.

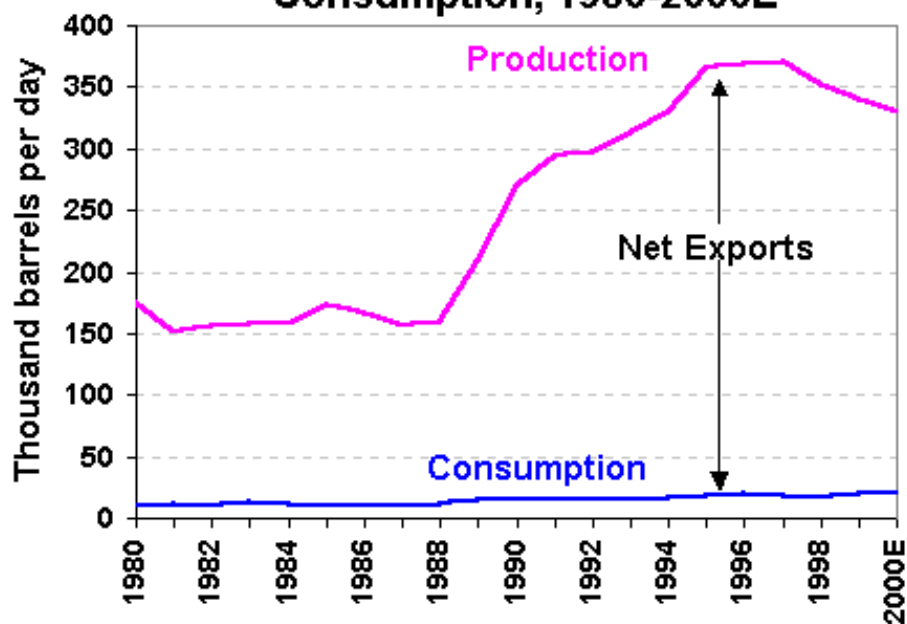
In October 2000, the International Monetary Fund (IMF) resumed relations with Gabon, [approving an 18-month stand-by credit of \\$119 million](#). The credit line, conditional upon the attainment of several quantitative and structural benchmarks, is designed to support Libreville's economic reform program in the event that oil prices fall in 2001. The agreement ended a break in relations with the IMF which occurred after an earlier three-year structural adjustment plan expired in March 1999. The plan was not renewed due to Gabon's failure to meet IMF targets on fiscal policy and structural reform.

Gabon continues to have one of the highest per capita incomes (around \$4,000) in sub-Saharan Africa, but its income distribution is extremely uneven and almost half of the population lives below the poverty line. Since the 1994 devaluation of the CFA franc by 50%, Gabon's informal sector has grown dramatically due to higher domestic prices, relatively lower salaries, and a scarcity of official or formal -- particularly public sector -- employment opportunities (unemployment was estimated at 25% in 1997).

Gabon is aiming for greater regional economic integration. In January 1999, the [Central Africa Economic and Monetary Community \(CEMAC\)](#), which includes Gabon and five other African countries, agreed to take steps towards convergence of their macroeconomic policies, stabilization of their common currency, creation of a common market, and harmonization of their sectoral policies. In December 1998, Gabon's currency, the CFA franc, was officially pegged to the Euro, the common currency adopted by the 11 European members of the European Community.

In November 1999, President Bongo hosted a sub-regional summit on peace prospects, stability, and the management of key resources, including oil. The summit resulted in the creation of the Gulf of Guinea Commission, a mechanism for dialogue and consultation to prevent, manage, and resolve conflicts linked to the economic and commercial exploitation of the natural resources within the territorial limits of member states. The meeting was called by [Nigeria's](#) President Olusegun Obasanjo and was attended by Presidents Denis Sassou Nguesso of [Congo](#), Teodoro Obiang Nguema of [Equatorial Guinea](#), Miguel Trovada of Sao Tome and Principe, and Foreign Ministers Augustin Kontchou Kouomegni of [Cameroon](#) and Joao Bernardo de Miranda of [Angola](#).

### Gabon's Oil Production and Consumption, 1980-2000E



source: EIA

## OIL

Gabon is sub-Saharan Africa's third largest oil producer. The country's oil production of 330,900 barrels per day (bbl/d) in 2000 represented a 3% decline from the 341,000 bbl/d produced in 1999 and a 9% drop from 1998 production levels. Gabon's proven oil reserves have increased to 2.5 billion barrels in 2001 from 1.3 billion barrels in 1996. Most of this crude oil has gravities in the 30° to 35° API range, with a small amount of heavier, 25° API output. Gabon's primary crude exports are the Rabi Light (34° API) and Mandji Blend (30° API and 1.1 percent sulfur) streams. Gabon exported about 144,000 bbl/d of crude oil to the [United States](#) in 2000, accounting for over 44% of Gabon's crude oil production. [Western Europe](#) is also a key destination for Gabonese crude, with occasional spot shipments to the Far East. Gabon officially left [OPEC](#) in 1996, citing the organization's high annual dues of \$1.9 million.

Although Gabon's proven oil reserves have nearly doubled since 1996, the government is concerned about a longer-term trend of diminishing oil reserves. Production from Gabon's largest oil field, Rabi-Kounga fell to 100,000 bbl/d in 2000, down from the 1997 peak of 217,000 bbl/d. Only one quarter of the [Shell](#)-operated Rabi-Kounga field's estimated recoverable reserves of 850 million barrels remains for further production. Former Shell Gabon chairman John Barry estimates that Rabi-Kounga will remain Gabon's biggest producing field over the next five years, even as output declines.

To help boost reserves and production, Gabon's oil ministry has revised its production-sharing contracts to attract new investors and has increased the number of exploration permits issued. In its ninth oil licensing round, which opened in April 2000 and closed in January 2001, Gabon offered 27 blocks, of which 13 were onshore, five were located in shallow water and nine were found in deep water. The government of Gabon described the response from international petroleum companies as disappointing and pledged to continue to promote the blocks.

In 2000, [Elf Gabon's](#) net profit from operations in Gabon rose by 58% (\$181.1 million) due to high oil prices, and in spite of an 18% drop in production. Faced with declining onshore and shallow-water production, Elf Gabon is turning to deep-water exploration. In April 2001, the company signed a concessional agreement for Olonga Marin which covers 4,000 square miles. Oil in the concession is believed to lie at a depth between 9,900 and 11,500 feet below the Atlantic floor. In August 2000, Elf Gabon also began a seismic survey in the Akori block, 36 miles off Port Gentil.

Despite the possibility of declining reserves, other oil companies, particularly from North America, have invested in Gabon's oil sector in recent years. In December 2000, Shell-Gabon signed a production sharing agreement for the Douka Marin and Panga Marin blocks. In June 1999, [Santa Fe Energy Resources](#) of Gabon, at the time a subsidiary of U.S.-based Santa Fe Snyder Corporation and now part of Devon Energy Corp., signed an agreement covering deep offshore oil exploration and production-sharing with the Gabonese government. In December 1998, a newly-formed consortium consisting of Elf Gabon (28%), [Unocal](#) (25%), [Vanco Energy](#) (22%), [KerrMcGee](#) (14%) and Reading and Bates Development (11%), known as the Vanco Gabon Group, signed production sharing contracts for two deepwater exploration blocks off Gabon. The group contracted for the 2,314-square-mile Astrid Marin block and the adjacent 2,545-square-mile Anton Marin Block. In 2001, Elf Gabon plans to drill two wells at a water depth of 8,000 feet in the Astrid Marin concession, which would represent a record depth for West and Central Africa. The total depth is estimated at 13,288 feet. Meanwhile, [Pioneer Natural Resources Co.](#) has a production-sharing contract covering the Olowi block that lies three miles south of Gabon's Gamba oil field.

In February 2001, [PanAfrican Energy](#) signed a concession agreement to reactivate the Remboue field, where initial production is due to begin in July 2001. Output will reach 1,800 bbl/d by mid-2002 as additional wells are brought on stream. In addition, PanAfrican has built an onshore, \$2.2-million pipeline from its 1,000-bbl/d Obangue field to the nearby Avocette field, operated by TotalFina Elf, to replace a river barge that has carried oil to market since Obangue was brought on stream in 1998.

In August 2000, U.S.-based [Triton Energy](#) acquired a 38% share in the Tolo and Otiti blocks. The first well is expected to be drilled in Tolo in 5,400 feet of water in 2001. Australian-based [Broken Hill Proprietary](#)

will act as the operator. South Africa's Sasol also controls a share in the blocks.

In November 1999, Gabon awarded two offshore oil exploration permits in the form of production-sharing agreements (PSAs) to a consortium of five Australian companies, including [Fusion Oil and Gas](#) (38.57%, operator), Sunburnt Downs Pastoral Company (25.71%), [Hardman Resources](#) (12.86%), Horizon Energy and Resources (12.86%), and Millennium Oil Corporation (10%). The permits are for the Themis Marin (formerly Kouango) and Iris Marin (formerly P93) blocks south of the town of Gamba. The PSAs are for a period of nine years, during which time the Iris and Themis joint venture partners must undertake an active exploration program including the drilling of at least three wells.

In December 1999, [Eni](#), the Italian oil and natural gas company, through its subsidiary Agip Gabon, signed a farm-out agreement with Petronas Carigali (Overseas), a subsidiary of the Malaysian national oil company [Petronas](#), for oil exploration in Gabon's southern deep waters. Under the agreement Eni is to sell a 25% stake in each of three exploration blocks offshore Gabon to Petronas Carigali. The three blocks, Mpolo, Chaillu, and Meboun, cover a total area of 22,508 square km (9,000 square miles) in the Gabon Basin. Petronas, jointly with Energy Africa, also has equity participation in four other blocks in Gabon. Eni has been active in Gabon since 1981 and currently produces oil from the Limande offshore field.

Gabon's oil industry received a modest boost in March 2001 when the Aтора field came on stream, producing 20,000 bbl/d. Aтора is estimated to contain between 50 million and 100 million barrels. The field is operated by Elf Gabon, with [Amerada Hess](#) Gabon controlling a 40% share and Shell Gabon managing a 20% share. The production from Aтора made Elf Gabon the largest producer of oil in the country.

The Limande field ([Energy Africa](#) Gabon SA--EAGSA--7.5%, operator Agip) started production in July 1998 and produced an average of 4,400 bbl/d during fiscal year 1999. The Moukouti field (EAGSA 15%, operator Perenco) produced 3,200 bbl/d over the same period. The Turnix discovery (EAGSA 10.3%) has yielded positive test results. In 2001, EAGSA plans to continue exploration in the Dari, Ofoubou, Azobe, Chaillu, Etame, Mpolo and Tolo fields.

[Ocelot](#) Gabon, a subsidiary of Calgary-based Ocelot International Ltd. began oil production at the Obangue oil field in the first quarter of 1998. The Obangue field is the first field developed by Ocelot -- now part of PanAfrican Energy -- in Gabon and is among four previously discovered fields in the company's Panthere-Nze development. In March 1999, the Obangue field tested at over 1,500 bbl/d of 34° API oil. It is estimated that there are proven reserves of 12.8 million barrels and more than 19 million barrels of probable reserves in the Panthere-Nze area. In addition to its Panthere Nze permit, Ocelot has exploration and production-sharing contracts to explore a 411-square mile area between the Panthere Nze permit and the M'Bindji permit.

In 1998, [Marathon](#) began production on the Tchatamba Marin field (Kowe block) and made three other discoveries -- Tchatamba South, Tchatamba West and East Orovinare. Production from Tchatamba South began in mid-1999 at a level of 22,000 bbl/d from two wells in 150 feet of water. Reserves for the Tchatamba South field are estimated at more than 27 million barrels. Production from the Tchatamba West field began in November 2000. Located 15 miles offshore Gabon in 165 feet of water, Tchatamba West contains estimated reserves of 7 million barrels. The combined output from Tchatamba Marin, Tchatamba South and Tchatamba West totals 44,000 bbl/d. Other shareholders in the Tchatamba fields include Devon and EAGSA.

In July 1998, [Sasol Petroleum International](#) of South Africa and [Vaalco Energy](#) announced a crude oil discovery at the Etame-1 well 40 miles offshore Gabon. Preliminary results have indicated 3,500 bbl/d of medium/light grade crude oil. A further successful well, Etame 3V, was drilled in March 2001. In that same month, Alcorn Gold Resources Corporation (AGRC) sold its 2.6% interest in Etame to the Japanese-owned Nissho Iwai Corporation for \$1.5 million. Other shareholders in the field include PanAfrican Energy and PetroEnergy Resources.



Nescor Energy Co. of Austin, Texas was awarded a production sharing contract by the Gabonese government for the onshore Salsich Permit G4-187 in July 1998. The permit area covers about 300,000 acres and is six miles east of Port Gentil. In February 2001, [King Resources](#) acquired Nescor Energy. King Resources officials place the estimated oil reserves for Salsich at 80 million barrels. Development of the first field is set to begin in mid-2001.

### **Refining**

The Sogara refinery at Port Gentil is Gabon's only refinery. Opened in 1967, Sogara is jointly owned by the Gabonese government (25%), private investors (9.2 %), and a consortium of international oil firms led by TotalFina Elf. The refinery is currently operating at 82% (17,300 bbl/d) of its 21,000 bbl/d nameplate capacity.

### **NATURAL GAS**

Gabon's natural gas reserves total 1.2 trillion cubic feet. The majority of the natural gas produced in Gabon is used in the generation of electricity or as a refinery fuel. Carbide Holdings is proposing to establish an iron works that would utilize gas currently flared, as well as gas that is re-injected into the Rabi-Kounga field.

### **ELECTRICITY**

In March 1997, Gabon announced that a 20-year concession to run the state-owned electricity and water utility, the Société d'Electricité et d'Eaux du Gabon (SEEG), was awarded to the French firm [VIVENDI](#) (formerly known as Compagnie Générale des Eaux). This is the first privatization of a sub-Saharan water and electric utility that entails full commitment for future investment by the private operator to upgrade and modernize the systems. VIVENDI received a 51% interest in the SEEG, 5% was offered to SEEG's employees, and the remaining 44% was offered to the general public.

Hydroelectric stations account for three quarters of electricity production. The primary sites are at Tchimbele (69 MW) and Kinguele (57.6 MW) on the M'Bei River, and Poubara on the Ogooue River. There is an estimated total hydropower potential of 6,000 MW if all possible sites were to be developed.

*Sources for this report include: Africa Energy and Mining; Africa News Service; African Energy; CIA World Factbook 2000; Economist Intelligence Unit ViewsWire; International Monetary Fund; Oil and Gas Journal; Panafican News Agency; Petroleum Intelligence Weekly; U.S. Energy Information Administration; World Bank*

### **COUNTRY OVERVIEW**

**President:** El-Hadj Omar Bongo

**Prime Minister:** Jean-Francois Ntoutoume Emane

**Independence:** August 17, 1960 (from France)

**Population (2000E):** 1.2 million

**Location/Size:** West Central Africa, bordering the Atlantic Ocean at the Equator between Cameroon, the Congo and Equatorial Guinea/267,670 square kilometers (103,000 square miles), about the size of Colorado

**Major Cities:** Libreville (capital); Port-Gentil; Franceville

**Languages:** French (official), Fang; Myene; Bateke; Obamba; Bapounou/Eschira; Bandjabi

**Ethnic Groups:** About 40 Bantu tribes, including four major tribal groupings (Fang, Eschira, Bapounou, Bateke); about 100,000 expatriate Africans and Europeans (27,000 French)

**Religion:** Christian (55%-75%); Muslim (less than 1%); traditional beliefs

**Defense (8/98):** Army (3,200); Navy (500); Air Force (1,000); Paramilitary Forces 4,800 (including a Gendarmerie of 2,000)

### **ECONOMIC OVERVIEW**

**Minister of Finance:** Emile Doumba

**Currency:** Communauté Financière Africaine (CFA) franc

**Market Exchange Rate (5/03/01):** US\$1 = 734 CFA

**Gross Domestic Product (GDP) (2000E):** \$6.48 billion **(2001E):** \$6.64 billion  
**Real GDP Growth Rate (2000E):** 2.1% **(2001E):** 2.5%  
**Inflation Rate (2000E):** 4.1% **(2001E):** 3.5%  
**Current Account Balance (2000E):** \$1.18 billion  
**Major Trading Partners:** France, United States, Japan, China, Côte d'Ivoire  
**Merchandise Exports (2000E):** \$3.71 billion  
**Merchandise Imports (2000E):** \$1.00 billion  
**Major Export Products:** Oil, timber, manganese  
**Major Import Products:** Machinery and transport equipment, other manufactures, food  
**Total External Debt (2000E):** \$4.0 billion

### **ENERGY OVERVIEW**

**Minister of State for Mines and Energy:** Paul Toungui  
**Proven Oil Reserves (1/1/01E):** 2.5 billion barrels  
**Oil Production (2000E):** 330,900 barrels per day (bbl/d), of which almost all is crude oil  
**Oil Consumption (2000E):** 21,000 bbl/d  
**Net Oil Exports (2000E):** 309,900 bbl/d  
**Major Crude Oil Customers:** United States (more than 50%), Western Europe  
**Crude Oil Refining Capacity (1/1/01E):** 17,300 bbl/d  
**Natural Gas Reserves (1/1/01E):** 1.2 trillion cubic feet  
**Natural Gas Production (1999E):** 3.5 billion cubic feet (Bcf)  
**Natural Gas Consumption (1999E):** 3.5 Bcf  
**Electric Generation Capacity (1/1/99E):** 0.3 gigawatts  
**Electricity Production (1999E):** 1.02 billion kilowatthours (of which thermal electricity was 30%, hydroelectric was 70%)

### **ENVIRONMENTAL OVERVIEW**

**Minister of Tourism and Environment:** Jacques Adiahenot  
**Minister of Water & Forests:** Andre Berre  
**Total Energy Consumption (1999E):** 0.05 quadrillion Btu\* (<0.1% of world total energy consumption)  
**Energy-Related Carbon Emissions (1999E):** 1.7 million metric tons of carbon (<0.1% of world carbon emissions)  
**Per Capita Energy Consumption (1999E):** 38.1 million Btu (vs U.S. value of 355.8 million Btu)  
**Per Capita Carbon Emissions (1999E):** 1.2 metric tons of carbon (vs U.S. value of 5.5 metric tons of carbon)  
**Energy Intensity (1999E):** 9,449 Btu/ \$1990 (vs U.S. value of 12,638 Btu/ \$1990)\*\*  
**Carbon Intensity (1999E):** 0.30 metric tons of carbon/thousand \$1990 (vs U.S. value of 0.19 metric tons/thousand \$1990)\*\*  
**Sectoral Share of Energy Consumption (1998E):** Industrial (37.6%), Transportation (17.8%), Residential (45.0%), Commercial (2.5%)  
**Sectoral Share of Carbon Emissions (1998E):** Transportation (48.6%), Industrial (37.3%), Residential (11.3%), Commercial (2.6%)  
**Fuel Share of Energy Consumption (1999E):** Oil (79.0%), Natural Gas (7.0%), Coal (0.0%)  
**Fuel Share of Carbon Emissions (1999E):** Natural Gas (56.0%), Oil (44.0%), Coal (0.0%)  
**Renewable Energy Consumption (1998E):** 44 trillion Btu\* (0% increase from 1997)  
**Number of People per Motor Vehicle (1998):** 34.5 (vs U.S. value of 1.3)  
**Status in Climate Change Negotiations:** Non-Annex I country under the United Nations Framework Convention on Climate Change (ratified January 21st, 1998). Not a signatory to the Kyoto Protocol.  
**Major Environmental Issues:** Deforestation and poaching.  
**Major International Environmental Agreements:** A party to Conventions on Biodiversity, Climate Change, Desertification, Endangered Species, Law of the Sea, Marine Dumping, Nuclear Test Ban, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94 and Wetlands.

\* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar, wind, wood and waste electric power. The renewable energy consumption statistic is

based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

\*\*GDP based on EIA International Energy Annual 1999

## **OIL AND GAS INDUSTRIES**

**State Oil Company:** Société Nationale Petrolière Gabonaise

**Major Refineries (capacity - bbl/d):** Port Gentil (17,300)

**Oil Terminals:** *Onshore:* Cap Lopez, Oguendjo, Gamba, Port Gentil *Offshore:* Lucina, M'Bya

**Major Foreign Oil Company Involvement:** Amerada Hess, Broken Hill Petroleum, Devon Energy, Energy Africa, Eni, Marathon, PanAfrican Energy, Perenco, Petrofields, Petronas, Pioneer Natural Resources, Shell, Sasol Petroleum International, TotalFina Elf (Elf Gabon), Vaalco, Vanco

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